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"EVERYTHING BUT ARMS" INITIATIVE

The European Union opened its trade door to virtually all products from the world's poorest states. The "everything but arms" policy, recently adopted by the European Commission, applies to the least developed countries, eliminating quotas and duties on all products, except weapons, from the world's poorest 49 nations. In this edition of **World Chronicle,** Richard Wyatt, Acting Head of the European Commission Delegation to the United Nations, talks about the impact of the "everything but arms" initiative on world poverty.

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ANNOUNCER: From United Nations Headquarters in New York, this is **World Chronicle**, an unedited interview programme about major global issues.

Here now to introduce our guest is the host of today's **World Chronicle**.

LITTLEJOHNS: I'm Michael Littlejohns, and this is **World Chronicle**.

The European Commission has recently approved a proposal to eliminate quotas and duties on all products, except arms, from the world's poorest 49 countries. The United Nations' Secretary-General Kofi Annan, has described the initiative, known as "everything but arms", in the following terms: "Their decision shows that Europe really does want a fair international trade system in which poor countries have a real chance to export their way out of poverty." But how can this groundbreaking proposal really help the lives of hundreds of millions of poor people worldwide?

Our guest today is the Acting Head of the European Commission Delegation to the United Nations, Richard Wyatt. Joining me to talk with Mr. Wyatt are John Metzler of *USA Radio Network* and Thalif Deen of *InterPress Service*.

Mr. Wyatt, welcome to **World Chronicle**.

Mr. Wyatt, the proposal that the Commission has enacted is very good. I'm sure it has been welcomed, as we've said, by Kofi Annan, the UN Secretary-General. The arms thing is also extremely interesting but it seems at first glance that the exclusion of three primary commodities -- namely rice, sugar and bananas -- from the agreement greatly, or somewhat at any rate, diminishes its impact on these poor countries. Is that not so?

WYATT: Well, first of all I'm very pleased to be with you here today. I think you rightly described the proposal as groundbreaking, although I should say from the outset that we have had a liberal regime for most of our imports from the least developed countries, including for some sensitive products like textiles, for many years now. But we have further liberalized and now the least developed countries will have completely free access to our market for a number of additional sensitive products, including meat and vegetables, which have previously been seen as creating difficulties for our producers. But nonetheless this has been overcome and these products will have free access. But as you rightly mention there will be transitional arrangements for three products -- bananas, rice and sugar. For bananas the transition period will run up to the year 2006 after which there will be completely free entry. For rice and sugar, the transition period will run up to the year 2009. But even in the transitional period there will be the possibility of a very rapid increase in our imports for rice

and sugar from the least developed countries up to 2009 with a 15 percent annual increase in duty-free quota availability for the least developed in that period. So even for those products where there will remain restrictions, the regime will be expanding very substantially the least developed countries' access.

LITTLEJOHNS: I understand that France and Spain were the obstacles. Well, they made the negotiations difficult in the end and were able to hold up these three commodities that we just identified. What was the problem there?

WYATT: The problem is, of course, at the end of the day the interests of the concerned producers in those countries and in fact it was also European-wide associations' producers who took an active role in the matter. So I think one shouldn't see the difficulties as being limited to one or two member countries exclusively, rather there were objective difficulties which we'd always known would come up. And it was necessary to find a solution which was at the end of the day more or less acceptable to the various interests concerned but at the same time was providing for the necessary improvement in least developed country access to markets which we were looking for.

LITTLEJOHNS: How significant would you say was the "lobbying" of Kofi Annan?

WYATT: Well, I think it was extremely important and extremely helpful. He took a very strong position. He wrote to our trade ministers setting out very clearly his view on the matter and the political need at the world level to move forward with the groundbreaking initiative. And I think that the fact that he took the position that he did was very helpful for the Commission, and as well the Swedish presidency, in getting the initiative through after what was in the end a difficult debate.

METZLER: We've learned that free trade lifts all boats. Back in the early 1980's the United States initiated the Caribbean Basin Initiative which essentially opened up trade to products from the West Indies and Central America. Subsequently Canada did the same thing with CaribCan. We're wondering why did it take Europe – the European Union – to open up at this late date?

WYATT: This particular matter has been taken up very recently but of course we have had trade initiatives in favour of developing countries for many years. Starting out in 1971, we introduced the European Community's generalized system of tariff preferences – a very important initiative following the United Nations Conference on Trade and Development

resolution on that matter. And then we have had a special regime in favour of the African, Caribbean, and Pacific countries with whom we have an association under successive Lomé agreements and now the Cotonou Agreement which provided them with a very favourable trade regime. And in fact, for the least developed countries as a whole, we have been providing complete duty- and quota-free access to our markets for 91 percent of the products which we have been importing from them already over the last ten years. And in fact, that has included the very sensitive sector of textiles. So that we are extending the benefits of this duty-free treatment but it is not a new development in our case; rather we have been among the pioneers in the field.

METZLER: So it's really evolutionary then?

WYATT: Absolutely, yes.

METZLER: And speaking of those 49 countries -- most of them from afar -- what about importing agricultural products from places closer in Europe such as candidate member such as Poland and Hungary?

WYATT: Well, as you know, we have, in place what is called the "common agricultural policy" which provides for a specific regime of production, pricing and trade for a number of agricultural products. And we have been liberalizing in effect this policy over a period of time. We will continue to do that in the future. We have made commitments under the Uruguay Round trade agreements and no doubt we will make further commitments in future trade negotiations. Of course for the candidate countries, the big issue will be that they will join the Union so those agricultural policy arrangements will in fact apply to them. So we will have to put in place in fact a traditional transitional type of regime which will enable them to move more or less smoothly into the arrangements which are in place but which will continue to evolve over a period of time.

DEEN: Mr. Wyatt, the EU has been singled out for special praise by most of the developing countries because of these concessions but they also say, two of their other major key problems are rising debt and declining development assistance. Where does the EU stand on these two issues?

WYATT: The EU has been a very strong supporter as you know of the Highly-Indebted Poor Countries Initiative and the European Community itself has, in effect, been one of the largest contributors of funds to support this initiative. So we are doing a lot in that field but

certainly more needs to be done. On aid volume, the European Union in principle supports the 0.7 percent aid target but in practice we – and perhaps others even more so – are a long way from realizing that target. And we now need to do more to start to increase our aid volume to move towards the implementation of the target. But of course this is always a difficult matter because there are always competing claims on resources in each of our countries and those needs have to fight resources against other domestic needs, which always seem to be pressing. But certainly the point of view of the European Commission, which I represent, is that we should make greater efforts to increase our aid volume.

DEEN: On the question of LDC – the Least Developed Countries – as you know in the UN system there are 133 countries which are called the world's poorer countries. They are in the Group of 77 and the LDC's. Forty-nine belong to that group. Do you think that these concessions will eventually or sooner or later be extended to all the developing countries?

WYATT: Well, the present initiative as you rightly point out is limited in scope to the Least Developed Countries. We should be very clear on that point. But at the same time we do believe that we need to do more to help the exports of developing countries as a whole, and the relatively more needy among them in particular. And that's why we have already put in place as I mentioned special preferences arrangements – ACP, African Caribbean and Pacific trade arrangements – and why we did a number a number of things, even during the Uruguay Round, to try to improve the situation of the developing countries as a whole, not just the Least Developed Countries, in world trade. And in fact, currently we believe that we need to launch a new round of multilateral trade negotiations in the general interest, but we do believe that one of the man focuses – maybe the main focus of this new round – should be exactly to see how we can further the integration of developing countries in general into the multilateral trading system and see how we can create the conditions in which opportunities for their exports can increase more rapidly.

LITTLEJOHNS: Mr. Wyatt, just a minute, we have to re-identify the programme and you.

This is **World Chronicle**. Our guest is Richard Wyatt, Acting Head of the European Commission Delegation to the United Nations.

Mr. Wyatt, evidently you guys don't want to carry the entire burden of helping out the LDCs, are you doing something about proselytizing so to speak the United States, Canada, Japan, Australia, New Zealand, et cetera?

WYATT: Indeed, we would like to encourage them to open their markets more fully to the exports of the Least Developed as we are doing ourselves. And in fact, New Zealand has already agreed to implement the initiative that the Commission has taken on the matter and I very much welcome that development. And I think that some of the other developed countries are indeed looking at what they can do to improve their own trade regimes for their imports from the Least Developed Countries. But as of course was the case in the European Union, we did run into many difficulties in putting through this initiative and we are very conscious of the fact that there are constraints and difficulties which are faced by our partner developed countries in trying to open their markets as well. But I do believe that while there are these difficulties we will see progress in this area in the next months and years.

LITTLEJOHNS: You can't speak for the United States of course but are you having any particular problems from the United States' side?

WYATT: One of the main problems in the United States is their regime for textile trade which has been relatively restrictive. They don't apply their preferences scheme to textiles and they have some quantitative limitations on textile imports and textile trade liberalization has always been a very extremely sensitive issue in domestic politics in the United States. So we are very much aware I would say of the difficulties which exist there. But in spite of that fact I do believe that we will see progress in the next years in trade liberalization even in that field in the United States.

METZLER: Mr. Wyatt, we're saying that essentially foreign products and poultry products -- meat -- will be coming from the poor countries to Europe. Given the near hysteria of what's presently going on in Europe concerning mad cow and hoof and mouth, et cetera, et cetera, is this the right time to be making an initiative like this from a purely healthy viewpoint?

WYATT: Oh yes. I wouldn't like to make any connection between these two issues. Of course the health issues – the foot and mouth, mad cow problems -- are of massive importance but these issues in my view should not really be mixed with what we are discussing here in terms of Least Developed Country access. We do have to bear in mind nonetheless that it will be necessary for all countries in effect to meet certain standards in relation to food

products for these products to be internationally tradeable. That is right and proper. That affects our own exports of course very dramatically at the present time and the reality is that it is necessary for the well-being of human beings that certain standards will have to exist at the international level for trade in farm products.

DEEN: The European Union in recent months has proposed the creation of a rapid deployment force -- an RDF. There are fears that this may duplicate the UN peacekeeping efforts. Do you think there will be some sort of a clash between these two?

WYATT: No, absolutely not. I think that the creation of this force will be on balance very helpful to the UN because it will mean that we will have a readily identifiable force available which can be put at the disposal of the United Nations when the United Nations and ourselves judge that to be useful and necessary. So I'm sure that the United Nations will find this to be an extremely valuable instrument.

DEEN: So you will be working closely with the United Nations?

WYATT: Yes. We are even now strengthening our regular contacts with the United Nations in a wide range of fields including precisely this one.

LITTLEJOHNS: Mr. Wyatt, we mentioned in the introduction that this plan eliminates quotas and duties on all products except arms from the poorest countries. Surely these countries aren't producing many arms are they?

WYATT: They may not be arms producers but there are quite a lot of arms in those countries which could enter into countries.

LITTLEJOHNS: Third country transshipments, you mean?

WYATT: Not necessarily. It could be trade in any direction but it's not part of our process to stimulate arms trade in any way through this initiative and so we think it's not appropriate to include that product.

LITTLEJOHNS: So how can you prevent these countries from doing the things that you don't approve of?

WYATT: Well, it's not always easy to prevent countries doing things that we don't approve of but arms imports from the Least Developed Countries in any case are not illegal in general terms. They're just not part of the scope of this initiative which merely has to do with duty-free and quota-free treatment.

LITTLEJOHNS: So they could be imported but with tariffs and other quotas?

WYATT: They could be. I doubt whether we import a very large volume of arms from the Least Developed Countries in any case, but they could be, yes.

LITTLEJOHNS: Well, that was my point.

METZLER: I'm intrigued by this point and Mike touches on it very well. I don't presume France is going to be importing arms from Vanuatu but perhaps one can look the other way. Will the European Union not be exporting arms to the 49 countries?

WYATT: Well, we are I would say primarily concerned to avoid conditions in which conflicts arise in Least Developed Countries. We do export arms to quite a wide range of countries but there are situations, which we judge to be sensitive, in which we do not allow exports of arms to particular countries in order exactly to avoid contributing to outbreak of conflicts.

DEEN: When you talk of duty-free and tariff-free concessions do you anticipate a time when you could penalize some of these countries? Suppose a country from a democratic government there's a military government, is there any way you will penalize them and say, "well, until you change your government from military to democratic we will not allow their goods to come in duty-free?" Are there any provisions that will bar?

WYATT: The general principle of this is that it will be non-discriminatory. So it will not be our general purpose to restrict imports from countries because of the nature of the political regime of a country. But in extreme circumstances there can be situations in which a country could be excluded from the benefits of a preferences scheme in general, or from the scope of this particular scheme. And there is indeed one country currently, Myanmar, who would not benefit from this arrangement. But this situation will be the exception and the general principle will be one of non-discriminatory benefits.

DEEN: Is it because of the human rights violations?

WYATT: Yes. We are very concerned about human rights violations in that country which is a very important issue for us but we do hope that the situation there will improve so that they too will be able to benefit subsequently from the scheme.

LITTLEJOHNS: Is Afghanistan an LDC?

WYATT: It is on the list of Least Developed Countries, yes.

LITTLEJOHNS: But you don't have any dealings with – I mean, given the rather precarious situation that they're in where their leadership is not recognized by the UN, for example?

WYATT: Yes, there is a very specific situation which exists there. I'm not sure that they are currently formally excluded from our scheme but of course there is a legal government there which is not practically in charge of most of the country with whom we have no particular quarrel let's say. So perhaps that accounts for that situation. But it's a very complex problem.

LITTLEJOHNS: You can say that again.

METZLER: Bringing us back to the European constituents inside the Union how has the farm lobby, the proverbial farm lobby in France and Spain and Germany handled this? Are they particularly thrilled about it or where are they coming down on all of this?

WYATT: Of course farm organizations have lobbied hard to maintain the benefits of what they see as being the benefits of the common agricultural policy and whenever reforms have been introduced to the policy there have been demonstrations and vigorous expressions of concern on the matter. After all it is quite normal and natural in a democratic arrangement. And there were lobbying efforts of course to restrict some of the scope of the current or recent initiative that we have taken. But I think that public opinion at large does understand the need for further progress with trade liberalization and our agricultural interests certainly have to be fully taken into account but they also have to be reconciled with wider needs of the public and the world community and most particularly in this case, the poorest members of the world community.

DEEN: When the LDCs were created in 1971 there were only 24 countries and then it went up to 48 and it's going to increase further. I presume that as and when countries get added on to the list they will all qualify for these concessions?

WYATT: Yes, indeed. This is a regime which applies to those countries which are designated by the United Nations, according to the proper procedures, as being the Least Developed Countries. And however many they are those are the countries which will benefit. But we do believe that this list should not be fixed in stone for all time. In fact it has tended to increase but there should be provision also for self-graduation upwards from the list. So that we

do hope that as countries are able to accelerate their development they will be able to move off the list and join the more prosperous parts of the world community.

DEEN: There's only one country which has graduated – Botswana.

WYATT: Yes, yes I see. Botswana, indeed. Well, it was a very welcome development.

LITTLEJOHNS: Mr. Wyatt, we have only a few seconds left but what about drugs? Would the LDCs be liable to sanctions if they try to export drugs to Europe?

WYATT: Well, it's not really countries who try to export drugs but individuals or organizations.

LITTLEJOHNS: The countries have the means to stop it.

WYATT: They more or less have the means to stop them but in reality stopping this traffic is very difficult I'm afraid for all countries. And it is certainly a task of the world community to work to stop that trade. But I think that's quite a separate debate from the question of developed country trade.

LITTLEJOHNS: Mr. Wyatt, that's all the time we have. Thank you for being with us on this edition of **World Chronicle**.

Our guest has been Richard Wyatt, Acting Head of the European Commission delegation to the United Nations. He was interviewed by John Metzler of *USA Radio Network* and Thalif Deen of *InterPress Service*.

I'm Michael Littlejohns. Thank you for joining us. We invite you to be with us for the next edition of **World Chronicle**.

ANNOUNCER: Transcripts of the programme may be obtained free of charge by sending a stamped, self-addressed envelope to **World Chronicle**, United Nations, Room S-827L, New York, N.Y., 10017.

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